

Company Number: 08137487

JB DRAX HONORÉ (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2021



JB Drax Honoré (UK) Limited

Director

Jonathan Glassberg

Registered Office

Fourth Floor, 20 Gresham Street, London EC2V 7JE

Auditor

BDO LLP

55 Baker Street, London, W1U 7EU

JB Drax Honoré (UK) Limited

Strategic Report

Principal Activities

JB Drax Honoré (UK) Limited ("the Company") is a specialist broker offering competitive price discovery and trade execution and market colour in the markets covering Listed Derivatives, OTC Foreign Exchange, Cleared Interest Rate Swaps and Cash Bonds. Income is generated through the charging of commission for arranging these deals. The firm is authorised as a 50k BIPRU firm under the Financial Conduct Authority (FCA), and our FCA registration number is 585303.

Business Review

The Company believes revenue and operating profit to be the key performance indicators. For the year ended 31 December 2021 the gross revenue of the Company was £85.2m (2020: £80.1m) and the operating profit was £15.5m (2020: £2.0m).

The Company believes that its revenue performance has been strong relative to the wider market and has been helped by the fact that the firm has continued to diversify into different products and asset classes. The net year on year increase in gross revenue is primarily attributable to higher market activity affecting the Cash Bonds and Cleared Interest Rate Swaps businesses. The Company operates with a relatively small fixed cost base, since our operating model is highly scalable, which in turn allows us to convert the increase in gross revenues into higher operating profits.

Our Statement of Financial Position remains strong and continues to be primarily financed by equity with resources held in liquid assets assisting the firm to take advantage of opportunities as they present themselves.

Risk Management

The Director meets regularly with key staff in order to assess the risk profile of the Company, both on an operational and strategic view. Risk meetings are held on a quarterly basis and reviews all the risks and concerns that we feel that need to be discussed. For example, within our operational strategy, trading limits within our systems are set below that of market standard. This assists us to keep any market risk to a minimum, even though we are not trading for ourselves but trading on behalf of our clients. The Company does not hold client money or take on any principal risk.

We have extensive business continuity planning in place. To that end we have a fully functional business continuity site in the UK, further reducing the risk of any significant business operational outages. We continue to monitor and review all our strategic partners and will add any additional partners should any business risk be identified. This ensures our business will not be impacted by any potential technological or business close down within their business. Our strategy remains to select those companies with the highest credit ratings.

In 2021, the Company continued to execute its business continuity plan and remained fully operational. At this time the Director does not foresee any significant adverse impact from COVID-19 to either revenues or costs. Revenues have been robust during the current financial year, which continued throughout the post year-end period. As a further note, the Company does not have any commitments to pay dividends, and all future dividend payments are made entirely at the discretion of the Board.

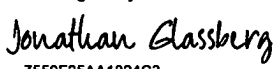
JB Drax Honoré (UK) Limited**Strategic Report (continued)**

As there is still little change in the market place on low risk investments not offering returns, the Company has continued to elect to hold cash deposits. The Company maintains its policy to diversify these holdings in various "A" credit rated institutions. This means the Company has very little liquidity risk.

As a Company we receive incoming funds in various currencies, mainly GBP, EUR and USD. We manage our currency risk in several ways, by diversifying cash holdings in various currencies to reduce the impact of single currency fluctuations and where possible to match incoming payments against outgoing payments by currency. All this is monitored on an ongoing basis.

Section 172 of the Companies Act 2006 requires directors to take into consideration the interests of stakeholders in their decision making. The Director continues to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. At all times throughout the financial year the Director has acted in good faith and fairly between members, whilst doing what the Director considers is most likely to promote the success of the Company for its members in the long term.

By order of the Sole Director

DocuSigned by:

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Jonathan Glassberg

Date: 27th April 2022

JB Drax Honoré (UK) Limited**Report of the Director**

The Director presents his report and the audited financial statements for the year to 31st December 2021.

Results and Dividends

The profit for the year amounted to £12,563,606 (2020: £12,306,848).

The Company paid no interim dividends for the year (2020: £23,000,000)

Directors

The following has acted as a Director throughout the year:

Jonathan Glassberg

Risk Management disclosures

The Risk Management disclosures have been made in the Strategic Report.

Carbon Emissions

The Company aims to be carbon neutral, with a carbon footprint of 138 tonnes CO₂e (2020: 113 tonnes CO₂e) fully offset by carbon credits.

	2021 kgCO ₂ e	2020 kgCO ₂ e
Scope 1 All Direct Emissions	-	-
Scope 2 Indirect Emissions	25,833	9,890
Electricity	25,833	9,890
Scope 3 All other Indirect Emissions	111,908	103,257
Electricity - transmission and distribution	2,286	875
Water supply	163	147
Water treatment	297	268
Business travel- air	106,448	100,974
Business travel- land	1,307	580
Hotel Stay	1,408	414
	137,741	113,147
headcount	91	82
kg CO ₂ e / employee	1,514	1,380

Brexit

The Company's ability to trade with its EEA clients after Brexit has not been significantly affected as the Company's existing clients have generally been comfortable engaging with the Company on a 'reverse solicitation' basis as permitted by MiFID Article 42 JB Drax Honoré (France) SAS has been set up to cover those EU based clients who would prefer to be serviced by a European entity and to mitigate the risk of a change in law which impacts the ability of the existing firms to execute trades on behalf of the Company's EEA clients. The French entity has been registered and became operational during the year, with staff located in our Paris office.

Auditors

The Director at the time when this report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he has taken all the steps that ought to have been taken as a Director, including making appropriate enquiries of the Company's auditors for that purpose, in order to be aware of any information needed

by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

BDO LLP has indicated its willingness to continue in office.

By Order of the Sole Director

DocuSigned by:

Jonathan Glassberg

J. Glassberg

Director

Date: 27 April 2022

JB Drax Honoré (UK) Limited**Director's Responsibilities Statement****Director's Responsibilities Statement**

The Director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JB DRAX HONORE (UK) LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of JB Drax Honoré (UK) Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director with respect to going concern are described in the relevant sections of this report.

Other information

The Director is responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Director's report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Director

As explained more fully in the Statement of Director's Responsibilities, the Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.
- We identified those laws and regulations that could reasonably be expected to have a material impact on the financial statements of the Company through discussions with management and from our knowledge and experience of regulated brokerage firms. We consider the most significant laws and regulations to include the Companies Act 2006, Financial Conduct Authority (FCA) rules, requirements of PAYE and VAT legislation and FRS 102 (UK GAAP).
- We assessed the extent of compliance with the laws and regulations identified above through: making enquiries of management; reviewing correspondence with regulators; reviewing minutes

of board meetings; and inspecting legal expenditure for evidence of potential non-compliance, litigation or claims.

- We assessed the risk of fraudulent revenue recognition that could give rise to material misstatements and performed testing of the existence and timing of recognition of revenue items.
- Using a Risk based approach we identified journals that could be indicative of fraud and agreed these to supporting documentation.
- We assessed whether there was evidence of management bias that may have represented a risk of material misstatement in respect of areas of estimation or judgement.
- We tested a sample of expenditure transactions to ensure that they were valid and reported in the correct accounting period.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Timothy West

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Timothy West (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London

27 April 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

JB Drax Honoré (UK) Limited
Company Number: 08137487

Statement of Comprehensive Income
For the year ended 31 December 2021

	<u>Note</u>	<u>2021</u> GBP	<u>2020</u> GBP
Turnover	1(c)	85,169,426	80,135,353
Cost of Sales		<u>(9,045,215)</u>	<u>(8,755,723)</u>
Gross Profit		76,124,211	71,379,630
Operating expenses		<u>(60,633,287)</u>	<u>(69,376,393)</u>
Operating Profit	3	15,490,924	2,003,237
Dividend Income		-	11,431,578
Interest receivable		3,726,814	-
Interest payable		<u>(3,744,742)</u>	<u>-</u>
Profit on Ordinary Activities before Taxation		15,472,996	13,434,815
Taxation on profit on ordinary activities	5	<u>(2,909,390)</u>	<u>(1,127,967)</u>
Profit for the Financial Year		<u>12,563,606</u>	<u>12,306,848</u>
Total Comprehensive Income for the Year		<u>12,563,606</u>	<u>12,306,848</u>

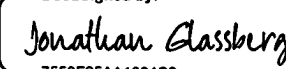
No items to be included in other comprehensive income.

JB Drax Honoré (UK) Limited
Company Number: 08137487

Statement of Financial Position
as at 31 December 2021

	<u>Note</u>	<u>2021</u> GBP	<u>2020</u> GBP
Fixed Assets			
Tangible Assets	6	905,620	801,523
Investments	7	713,643	713,643
		<u>1,619,263</u>	<u>1,515,166</u>
Current Assets			
Debtors	8	88,206,575	29,900,165
Cash at bank and in hand		34,226,243	14,486,287
		<u>122,432,818</u>	<u>44,386,452</u>
Creditors: amounts falling due within one year	9	40,893,932	33,310,910
		<u>40,893,932</u>	<u>33,310,910</u>
Net Current Assets		<u>81,538,886</u>	<u>11,075,542</u>
Total Assets less Current Liabilities		<u>83,158,149</u>	<u>12,590,708</u>
Non-Current Liabilities			
Creditors: amounts falling due after one year	9	60,997,561	2,993,726
		<u>60,997,561</u>	<u>2,993,726</u>
Total Assets Less Liabilities		<u>22,160,588</u>	<u>9,596,982</u>
Capital and Reserves			
Called up share capital	10	6,000,002	6,000,002
Share Premium	10	702,641	702,641
Retained Earnings		15,457,945	2,894,339
		<u>22,160,588</u>	<u>9,596,982</u>
Shareholders' Funds		<u>22,160,588</u>	<u>9,596,982</u>

The financial statements were authorised and approved by the Sole Director on 27 April 2022
and signed on its behalf by

DocuSigned by:

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J. Glassberg Director

JB Drax Honoré (UK) Limited
Company Number: 08137487

Statement of Changes in Equity
For Year End 31 December 2021

	Called Up Share Capital	Share Premium	Retained Earnings	Total
Balance at 1 January 2020	6,000,002	702,641	13,587,491	20,290,134
Total Comprehensive Income				
Profit for the year	-	-	12,306,848	12,306,848
Transactions with Owners				
Dividends	-	-	(23,000,000)	(23,000,000)
Balance at 1 January 2021	6,000,002	702,641	2,894,339	9,596,982
Total Comprehensive Income				
Profit for the year	-	-	12,563,606	12,563,606
Transactions with Owners				
Dividends	-	-	-	-
Balance at 31 December 2021	6,000,002	702,641	15,457,945	22,160,588

JB Drax Honoré (UK) Limited
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Statement of Cash Flows
For the year ended 31st December 2021

	<u>Note</u>	<u>2021</u> GBP	<u>2020</u> GBP
Cash flow from operating activities			
Cash generated from operations	11	22,012,943	24,133,833
Income tax paid		(1,900,000)	(1,100,000)
Overseas tax paid		-	-
Net cash generated from operating activities		<u>20,112,943</u>	<u>23,033,833</u>
Cash flow from investing activities			
Purchase of tangible fixed assets		(358,777)	(105,819)
Dividends received		-	11,431,577
Interest paid		(17,927)	-
Net cash used in investing activities		<u>(376,704)</u>	<u>11,325,758</u>
Cash flow from financing activities			
Dividends paid		-	(23,000,000)
Net cash used in financing activities		<u>-</u>	<u>(23,000,000)</u>
Net increase in cash, cash equivalents and bank overdrafts		19,736,239	11,359,591
Cash, cash equivalents and bank overdrafts at beginning of the year		14,486,287	3,103,921
Exchange losses on cash and bank overdrafts		3,717	22,775
Cash, cash equivalents and bank overdrafts at end of year		<u>34,226,243</u>	<u>14,486,287</u>

	At 01 January 2021	Cash flows	Other non-cash changes	At 31 December 2021
Cash and cash equivalents	<u>14,486,287</u>	<u>19,736,239</u>	<u>3,717</u>	<u>34,226,243</u>
	<u>14,486,287</u>	<u>19,736,239</u>	<u>3,717</u>	<u>34,226,243</u>
Borrowings				
Debt due after one year	-	-	(60,997,561)	(60,997,561)
	<u>-</u>	<u>-</u>	<u>(60,997,561)</u>	<u>(60,997,561)</u>
Total	<u>14,486,287</u>	<u>19,736,239</u>	<u>(60,993,844)</u>	<u>(26,771,318)</u>

The loan financing was a non-cash movement, as paid directly to an intra-group subsidiary.

JB Drax Honoré (UK) Limited
Company Number: 08137487

Financial Statements for the year ended 31st December 2021

Notes

1. Principal Accounting Policies

(a) General Information

JB Drax Honoré (UK) Limited is a private company limited by shares, incorporated in the United Kingdom, within England and Wales.

Registered address: Fourth Floor, 20 Gresham Street, London, EC2V 7JE

Registered Company Number: 08137487

(b) Basis of preparation

These financial statements have been prepared in accordance with the Financial Reporting Standard (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council, and the Companies Act 2006. They are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the Company's transactions are denominated.

Group accounts are not prepared on the basis that all subsidiaries are being consolidated in the ultimate controlling entity's group accounts. Copies of the group accounts are publicly available on request from the ultimate controlling entity's registered office and the ultimate controlling entity's accounts will be filed at the Companies House as an attachment to the financial statements.

The Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

At the balance sheet date the Company had net assets of £22,160,588 (2020: £9,596,982). The Company continues to meet its day-to-day liquidity requirements.

The Director believes that the Company is experiencing good levels of growth and profitability, and that it is well placed to manage its business risks successfully. Accordingly they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in the preparation of the financial statements.

(c) Turnover

Turnover represents revenues derived from the Company's principal activity and is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding value added tax. The Company's principal activity continues to be earning commission on the trading of financial products on an agency basis. Revenue is recognised on the execution of trades, once they have been sent and accepted by the counterparty, at the pre-determined agreed rate. All revenue is earned within the United Kingdom.

JB Drax Honoré (UK) Limited
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Financial Statements for the year ended 31st December 2021

Notes (continued)

(d) Tangible fixed assets and depreciation

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Fixtures and fittings	-	5 years
Computer and office equipment	-	5 years
Leasehold Improvements	-	Term of lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

(e) Foreign currencies

The financial statements are presented in Pounds Sterling (GBP), which is the functional currency of the Company. Transactions in foreign currencies have been translated into GBP at the rates ruling at the date on which the transaction occurred. Liabilities and current assets expressed in foreign currencies at the reporting date have been translated into GBP at the rates of exchange ruling at that date. All resultant differences are dealt with through the Statement of Comprehensive Income.

(f) Operating leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Benefits receivable and received as an incentive to sign an operating lease are also recognised on a straight line basis over the term of the lease.

JB Drax Honoré (UK) Limited
Company Number: 08137487

Financial Statements for the year ended 31st December 2021

Notes (continued)

(g) Deferred taxation

The tax expense for the year comprises current tax and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the country where the Company operates and generates income.

Deferred tax is provided in full on timing differences which result in an obligation at the reporting year end date to pay more tax, or a right to pay less tax, at a future date, at rates that are expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in the taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments which are readily convertible, being those with original maturities of three months or less.

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the reporting date.

(i) Consolidated financial statements

The Company has applied the exemption under s.401 of the Companies Act 2006 and has not consolidated its subsidiaries JB Drax Honoré MGT Limited and JB Drax Honoré Inc. on the basis that these entities are being consolidated in the ultimate controlling entity's group financial statements. The application of s.401 is permitted where the parent company, uses an accounting framework which is considered equivalent to those allowed under the Companies Act. It has been determined that the group financial statements prepared under Luxembourg GAAP are equivalent to UK GAAP and the requirements of the Companies Act 2006. Copies of the group financial statements are publicly available on request from the ultimate controlling entity's registered office and the ultimate controlling entity's financial statements will be filed at Companies House as an attachment to these financial statements.

JB Drax Honoré (UK) Limited
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Financial Statements for the year ended 31st December 2021

Notes (continued)

1. Principal Accounting Policies (Continued)

(j) Share-based payment

The group issues cash settled share-based payments for beneficial interest in shares in the ultimate parent company JB Honoré SARL to certain employees. The interests are granted at fair value at the date of grant and an amount equal to the fair value of shares awarded is recognised as an expense in the Statement of Comprehensive Income on the award date. Income tax is recorded at the date of the grant with the gross cost accounted for in the Statement of Comprehensive Income. The right to hold these shares is conditional on continued employment in the Company. Should the employee leave the Company the shares must be sold back. The value is determined at the higher of cost or fair value, should the employee be considered a good leaver. If they are considered a bad leaver they will receive cost. This cost is borne by the JB Drax Honoré Employee Benefit Trust who retains legal title to the shares.

Where the Company has entered into an agreement that creates a probable obligation to repurchase employee share interests at a future date, the future cost to the Company is recognised over the period as the services are rendered.

(k) Financial assets and liabilities

Financial instruments are recognised in the Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are measured as set out below. A financing transaction is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Classification

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102.

Subsequent measurement

Loans and receivables are measured at amortised cost, using the effective interest method. Trade debtors and trade payables are recognised at the undiscounted amount owed by the customer or to the supplier, which is normally the invoice amount. Short term debtors are measured at transaction price, less any impairment.

(l) Pension costs

The Company contributes to a defined contribution pension schemes, held in separately administered funds. Contributions payable to the scheme are charged as an expense as they fall due.

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Financial Statements for the year ended 31st December 2021

Notes (Continued)

2. Critical Accounting Estimates and Judgements

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates. When preparing the financial statements management deem that there are no critical estimates or judgements to be made.

3. Operating Profit

The operating profit is stated after charging/(crediting):

	<u>2021</u> GBP	<u>2020</u> GBP
Depreciation of tangible fixed assets	254,680	241,207
Auditor's remuneration		
- statutory audit	71,919	76,198
Director's emoluments (note 4)	1,885,237	2,159,100
Exchange loss/(gain)	(1,234,924)	(855,723)
Amounts paid under operating leases:		
- Land and buildings	<u>336,939</u>	<u>355,453</u>

4. Directors Emoluments

Staff costs include the following emoluments in respect of the Director of the Company:

	<u>2021</u> GBP	<u>2020</u> GBP
Salaries and Bonuses	1,885,237	2,155,000
Private health care	<u>6,720</u>	<u>4,100</u>
	<u>1,891,957</u>	<u>2,159,100</u>

Staff costs include the following emoluments in respect of key management of the Company:

	<u>2021</u> GBP	<u>2020</u> GBP
Salaries and Bonuses	<u>2,645,237</u>	<u>2,800,000</u>
	<u>2,645,237</u>	<u>2,800,000</u>

Included in the amount above is £1,891,957 (2020: £2,159,100) in respect of the highest paid Director.

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Notes (Continued)

4. Directors Emoluments (Continued)

Staff costs

Staff costs during the year were as follows:

	<u>2021</u> GBP	<u>2020</u> GBP
Wages and salaries	42,720,149	43,100,144
Social security costs	5,914,713	5,882,507
	<u>48,634,862</u>	<u>48,982,651</u>

The average monthly number of persons employed during the year was:

	<u>2021</u> Number	<u>2020</u> Number
London		
Brokerage	58	51
Administration	29	27
	<u>87</u>	<u>78</u>

5. Taxation on Profit on Ordinary Activities

(a) Analysis of charge in the year

Current tax:

	<u>2021</u> GBP	<u>2020</u> GBP
UK corporation tax on profits for the year	2,909,390	554,837
Foreign tax on overseas income	-	573,130
	<u>2,909,390</u>	<u>1,127,967</u>

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Notes (Continued)

5. Taxation on Profit on Ordinary Activities (continued)

(b) Factors affecting tax charge for the year

	<u>2021</u> GBP	<u>2020</u> GBP
Profit on ordinary activities before tax	<u>15,472,997</u>	<u>13,434,815</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	2,939,869	2,552,615
Non-taxable income	-	(2,172,000)
Foreign Tax suffered on overseas income	-	573,130
Items disallowable for tax purposes	(21,218)	154,073
Capital allowances in excess of depreciation	<u>(9,261)</u>	<u>20,149</u>
	<u>2,909,390</u>	<u>1,127,967</u>

An increase in the UK corporation tax rate to 25% (effective 1 April 2023) for companies with taxable profits in excess of £0.25million (adjusted based on the number of associated companies) was substantively enacted on 24 May 2021. This will have a consequential effect on the consolidated future tax charge.

6. Tangible Fixed Assets

	<u>Computer and Fixtures Costs GBP</u>	<u>Leasehold Improvements Costs GBP</u>	<u>Motor Vehicles Costs GBP</u>	<u>Total Costs GBP</u>
Cost				
At 1 st January 2021	2,893,984	44,752	-	2,938,736
Additions in year	<u>194,752</u>	<u>-</u>	<u>164,025</u>	<u>358,777</u>
At 31st December 2021	<u>3,088,736</u>	<u>44,752</u>	<u>164,025</u>	<u>3,297,513</u>
Depreciation				
At 1 st January 2021	2,092,461	44,752	-	2,137,213
Charge for the year	<u>251,946</u>	<u>-</u>	<u>2,734</u>	<u>254,680</u>
At 31st December 2021	<u>2,344,407</u>	<u>44,752</u>	<u>2,734</u>	<u>2,391,893</u>
Net book value				
At 31st December 2021	<u>744,329</u>	<u>-</u>	<u>161,291</u>	<u>905,620</u>
Net book value				
At 31st December 2020	<u>801,523</u>	<u>-</u>	<u>-</u>	<u>801,523</u>

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Notes (Continued)

7. Investments

	<u>Subsidiary Undertakings GBP</u>
Cost	
At 1 st January 2021	713,643
Additions in year	<u>-</u>
At 31st December 2021	<u>713,643</u>
Amortisation	
At 1 st January 2021	-
Charge for the year	<u>-</u>
At 31st December 2021	<u>-</u>
Net book value	
At 31st December 2021	<u>713,643</u>
Net book value	
At 31st December 2020	<u>713,643</u>

The investment consists of:

Company	Type of shares	Interest	Country of incorporation	Nature of business
JB Drax Honoré MGT Limited	Ordinary	100%	England	Investment holding
JB Drax Honoré Inc.	Ordinary	100%	United States	Brokerage

As at 31st December 2021 JB Drax Honoré MGT Limited had net assets of £319,583 (2020: net assets of £226,912) and for the year ended 31st December 2021 made a profit of £92,762 (2020: profit of £93,150).

As at 31st December 2021 JB Drax Honoré Inc. had net assets of \$20,017,434 (2020: net assets of \$12,875,289) and for the year ended 31st December 2021 made a profit of \$7,303,052 (2020: profit of \$11,696,228). JB Drax Honoré Inc. was purchased from JB Honoré SARL at book value in exchange for 2 ordinary shares of £1 each.

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Notes (Continued)

8. Debtors

	<u>2021</u> GBP	<u>2020</u> GBP
Trade debtors	2,380,094	1,140,763
Other debtors	15,738,204	26,874,627
Amounts due from parent company	291,127	332,338
Amounts due from fellow subsidiaries	68,922,648	216,599
Corporation Tax receivable	-	308,760
Prepayments and accrued income	874,502	1,027,078
	<u>88,206,575</u>	<u>29,900,165</u>

9. Creditors

	<u>2021</u> GBP	<u>2020</u> GBP
Falling due within one year:		
Trade creditors	832,445	2,393,936
Other creditors including taxation and social security	21,325,630	16,550,482
Amounts due to fellow subsidiaries	13,755,426	11,920,122
Interest payable on Loan	2,130,622	-
Accruals and deferred income	2,149,179	2,446,370
Corporation tax	700,630	-
	<u>40,893,932</u>	<u>33,310,910</u>

Falling due after one year:

Loans	60,997,561	-
Other creditors including taxation and social security	-	2,993,726
	<u>60,997,561</u>	<u>2,993,726</u>

The three (3) year loan facility entered into on 4 February 2021. The first tranche of EUR 50 million was drawn on 19 February 2021 and the second tranche of EUR 25 million was drawn on 13 October 2021. The loan facility is secured against assets of the group and Company and each tranche is repayable 3 years from the respective drawdown dates. The interest rate on the loan is at market rate.

10. Share Capital

	<u>2021</u> GBP	<u>2020</u> GBP
Allotted, called up and fully paid		
6,000,000 ordinary shares of £1 each	6,000,000	6,000,000
2 ordinary shares of £1 each	2	2
Share Premium	702,641	702,641
	<u>6,702,643</u>	<u>6,702,643</u>

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Notes (Continued)

11. Reconciliation of Operating Profit to Operating Cash Flows

	<u>2021</u> GBP	<u>2020</u> GBP
Operating profit	15,490,924	2,003,237
Depreciation charges	254,680	241,110
Amortisation Charge	(3,717)	-
Foreign exchange differences	-	(22,775)
Decrease/(Increase) in debtors	(58,615,170)	24,687,590
Intragroup Lending	60,997,561	-
Increase/(Decrease) in creditors	3,888,665	(2,775,329)
Cash inflow from operating activities	<u>22,012,943</u>	<u>24,133,833</u>

12. Related Parties

The Company has opted to take advantage of the FRS 102 exemption in that disclosures need not be given of transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

During the prior financial year, the Company provided a guarantee to JB Drax Honoré (DIFC) Limited, a fellow subsidiary of the group, in relation to credit losses that may be incurred due to the client defaults. As at 31 December 2021, there was one client, who has entered into a payment arrangement with JB Drax Honoré (DIFC) Limited, which may result in the Company making a payment under the guarantee. An expected liability in respect of credit losses was recognised in 2020.

From 1 January 2021, JB Drax Honoré (DIFC) Limited will be responsible for all of its own liabilities and no further claims can be made against the guarantee, except in relation to the potential client default identified in 2020.

13. Operating Lease Commitments

The Company has the following total amounts payable under non-cancellable operating leases which are payable as follows:

	<u>2021</u> GBP	<u>2020</u> GBP
Land and buildings – within one year	336,000	336,000
Land and buildings – later than one year but no later than five years	588,000	1,260,000
Licenses for market data – within one year	144,383	184,669
Licenses for market data – later than one year but no later than five years	416,556	328,448
	<u>1,484,939</u>	<u>2,109,117</u>

14. Ultimate Controlling Party

The Company is a 100% owned subsidiary of JB Honoré SARL, a company incorporated in Luxembourg, its ultimate controlling entity. JB Honoré SARL is the parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up. Copies of the group financial statements are available on request from the Company's registered office.

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Notes (Continued)

15. Share Based Payments

JB Drax Honoré (UK) Limited employees hold beneficial interests in D shares in the parent company JB Honoré SARL. Details on these types of shares are in the parent company consolidated financial statements and are available on request from the Company's registered office.

A total of 5,000 such shares were issued in the year, and a charge of £103,918 was recognised in the year (2020: 10,000 shares were issued with a charge of £187,736 recognised in profit or loss for the year).

No shares were repurchased during the year and a no charge is recognised in profit or loss for the year (2020 a charge of £0 was recognised in profit or loss during the year). The total beneficial D shares held by employees at 31 December 2021 were 154,999 shares (2020: 135,416). No provision has been made in respect of future leavers. The maximum total liability for any such leavers is not considered to be material.

16. Subsequent Event

On 12 April 2022, the Company declared a dividend of GBP 12 million to its parent entity. The dividend was paid on 12 April 2022.